



# **Department of Labor & Economic Growth**

## **Wage & Hour Division**

**Presented by: John (Jack) Finn, Director**



## Who Are We?

A division of the Department of Labor & Economic Growth that has employees who administer, educate and regulate four state labor laws. The following laws are:

- ❖ Act 90 Youth Employment Standards Act
- ❖ Act 154 Minimum Wage and Overtime Law
- ❖ Act 166 Michigan Prevailing Wage Act
- ❖ Act 390 Payment of Wages and Fringe Benefits Act



# Wage & Hour Division Overview

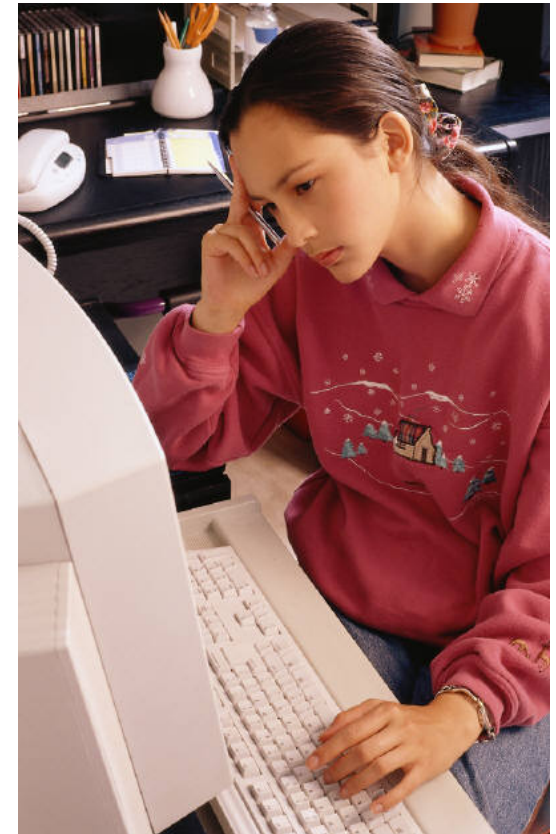
## Fiscal Year 2007 Wage & Hour Summary

- ❖ Investigated 6347 Complaints
- ❖ Collected over 2.9 million dollars
- ❖ Conducted 926 Youth Employment educational outreach meetings with employers to educate them on the requirements of the Youth Employment Standards Act

# Act 90 Youth Employment Standards Act

Covers all Michigan employers and:

- Sets work permit requirements for minors
- Prohibits employment of minors in hazardous occupations
- Regulates hours of employment for minors
- Provides meal and rest periods for minors





## Why ACT 90 Youth Employment Standards Act is Needed

- ❖ 42% of 16 and 17 year-old teens were in the labor force at any single time.
- ❖ 80% of youths are employed at some point before they leave high school.
- ❖ 200,000 teens aged 14 to 17 are injured on the job every year.
- ❖ Approximately 100,000 teens aged 15 to 17 visit emergency rooms each year for work-related injuries.

**\*\* Excerpts above were reproduced from publication 99-141 “Promoting Safe Work for Young Workers” published by the National Institute for Occupational Safety and Health (NIOSH).**



## Why ACT 90 Youth Employment Standards Act is Needed (cont.)

- ❖ Teens are injured at a higher rate than are adult workers, even though youths are prohibited from holding the most dangerous types of jobs, such as mining, manufacturing, and construction.
- ❖ According to one study, 19% of all injuries to young workers treated in emergency rooms involved working in illegal jobs.

**\*\* Excerpts above were reproduced from publication 99-141 “Promoting Safe Work for Young Workers” published by the National Institute for Occupational Safety and Health (NIOSH).**

## Act 90 (Cont.)

### Exemptions from Youth Employment Standards Act:

- Minor 16 years of age completing requirements for graduation
- Minor 17 years of age who has passed the General Education Development Test (GED)
- An emancipated minor
- Minor 14 years of age or older employed under a written agreement between the employer and the school at which the minor is enrolled
- Employment in a business owned and operated by a parent or guardian
- Employment by a school in which the minor 14 years of age or older is enrolled



## Act 154 Michigan Minimum Wage and Overtime Law

Covers employers who employ two or more persons 16 years old and older and:

- The state's minimum wage rate also applies to certain employees in federally covered businesses because the state rate for those employees is higher than the federally required rate.
- Provides a minimum hourly rate of \$7.40 per hour effective 07/01/08.
- Provides a sub-minimum hourly rate of 85% of the minimum hourly wage rate for 16 to 17 year-old minors.

- \$6.29 per hour effective 07/01/08\*\*

\*\* The Federal Minimum Wage Rate increased to \$6.55 on July 24, 2008 and must be paid to 16-17 year old minors; the rate will increase to \$7.25 on July 24, 2009.





## Act 154 (Cont.)

- Establishes training wage for new employees 16 to 19 years of age to be paid \$4.25 per hour for the first 90 calendar days of employment.
- The Michigan Minimum Wage Law covers tipped employees age 16 and over. All employers in Michigan must pay tipped employees at least \$2.65 per hour WHEN tips are received, combined with the employee's hourly rate, equal the required minimum hourly wage rate. A written tip statement signed by the employee AND dated before the date the paycheck was received must be maintained by the employer for each pay period that tips are reported.
- Provides overtime rate for non-exempt employees of 1½ times the regular rate of pay.

## Act 154 (Cont.)

- Establishes compensatory time provisions which allow an employee to accrue and use compensatory time in lieu of overtime pay if certain conditions are met.
- Provides that records showing hours worked, show the starting and ending times each day, computed to the nearest tenth of an hour (6 minutes), or other finer measure.

## Act 166 Prevailing Wage Act

Covers construction workers employed on state financed or sponsored construction projects.

- The Wage & Hour Division establishes wage and fringe benefit rates to be paid to construction workers on state projects.
- Annually the Wage & Hour Division surveys labor organizations throughout the state to collect current wage and fringe benefit information contained in collective bargaining agreements.





## Prevailing Wage Act Violators List

If a worker or third party believes that Michigan's Prevailing Wage Act (Act 166) is being violated, they can file a complaint with the state's Wage & Hour Division. The division will conduct a complete investigation of the complaint and determine if a violation of the Act has occurred.

If there has been a violation of the Prevailing Wage Act, the division will add the offending contractor to a computerized violators' list, which is available for public viewing. To access the list, go to:

- [Michigan.gov/wagehour](http://Michigan.gov/wagehour)
- Click on the [Prevailing Wage](#) link on the left-hand side
- Scroll to the bottom of the page for the **Violation Report**
- Click on the [Prevailing Wage Act Violators List](#)

Note: The Prevailing Wage Act Violators List is updated monthly.

## Act 390 Payment of Wages and Fringe Benefits

Covers most Michigan employers:

- Regulates the payment of hourly wages, salaries and commissions.
- Regulates the payment of certain fringe benefits (vacation pay, sick pay, etc.) as specified in written contracts or written policies.
- Provides for the regular payment of wages.
- Prohibits deductions without authorization by law, a collective bargaining agreement, or written consent of the employee.





## Act 390 (Cont.)

- Provides that an employee receive a retainable pay statement at the time of payment indicating hours worked, gross wages paid, an itemization of deductions and the dates for which the wages are paid.
- Provides that employers maintain records for three years that indicate the employee's name, address, birth date, classification, rate of pay, total hours worked in each pay period, total wages paid and an itemization of fringe benefits.
- Prohibits an employer from receiving payment from an employee for hiring an employee or for the continued employment of an employee.
- Provides protection for employees who file a complaint or exercise a right protected by the Payment of Wages and Fringe Benefits Act.

## Due Process

- ❖ Determination Order issued within 90 days after the complaint is filed.
- ❖ The employer or employee may appeal the Determination Order within 14 days after notification.
- ❖ The appeal is heard in front of an Administrative Law Judge (ALJ), with the Bureau of Hearings. The ALJ shall issue a determination in the appeal within 30 days after the conclusion of the hearing. The ALJ shall affirm, modify or reverse the determination order.
- ❖ The decision of the ALJ may be appealed to the Circuit Court for judicial review.
- ❖ The Determination Order will be referred to the Attorney General's office for enforcement of the Determination Order.

## Reciprocal Agreements

- ❖ Agreements with other states for the collection of claims for wages, fringe benefits and penalties assessed.
- ❖ Agreements with the following states:

**Arkansas**

**Illinois**

**Oklahoma**

**Alaska**

**Kentucky**

**Oregon**

**California**

**Montana**

**Tennessee**

**Connecticut**

**New York**

**Texas**

**Hawaii**

**North Carolina**

**Wisconsin**

**Idaho**

**North Dakota**

**Wyoming**





## Answers to General FAQs

**Tax withholdings** - Income tax and social security withholdings are authorized by law. Questions regarding the amount of withholdings or questions on how to get W-2 forms or how to file tax returns without W-2 forms should be directed to the Internal Revenue Service at (800) 829-1040.

**Unemployment** - The Wage & Hour Division has no authority to make determinations regarding eligibility for unemployment compensation. Questions regarding unemployment benefits should be directed to the Unemployment Insurance Agency (UIA). Unemployment Benefits questions for employers call (800) 638-3994; claimants/applicants call (800) 638-3995.

**Training Time** - On the job training which is directly related to the employee's job should be counted as hours worked and paid.

**Occupational Safety Regulations** - Questions regarding occupational safety regulations for adult workers should be directed to the Michigan Department of Labor & Economic Growth, MIOSHA at (517) 322-1831.



## Answers to Act 90 FAQs

**Hazardous Employment (Youth)** - The employment of persons under 18 years of age in hazardous occupations such as those requiring the use of power driven machines or chemicals marked "Danger" is prohibited.

**Limitations on Hours of Work** - There are no laws limiting the hours in a day that employees 18 years of age or older may work. Hours of work for employees under 18 years of age are limited by the Youth Employment Standards Act.

**Meals and Rest Periods** - Employees under 18 years of age may not work more than 5 continuous hours without a 30 minute rest period. There are no requirements for breaks, meal or rest periods for employees 18 years of age or older.

**Work Permits** - Employees under 18 years of age must obtain a work permit or have their school complete a training agreement before starting work. Work permits can be obtained from the school the minor attends or the school district where the minor will be employed.



## Answers to Act 154 FAQs

**Minimum wage** - Provides a minimum hourly rate of \$7.40 per hour effective 07/01/08. Provides a sub-minimum hourly rate of 85% of the minimum hourly wage rate for 16-17 year old minors at \$6.29 per hour effective 07/01/08; effective July 24, 2008 the Federal Minimum Wage rate increased to \$6.55 and will increase to \$7.25 on July 24, 2009.

**Training Wage** - Employees who are 16 to 19 years of age may be paid a training wage of \$4.25 per hour for the first 90 calendar days of employment.

**Tipped employees**, such as food servers, must be paid at least \$2.65 per hour WHEN tips are received, combined with the employee's hourly rate, equal the required minimum hourly wage rate. A written tip statement signed by the employee AND dated before the date the paycheck was received must be maintained by the employer for each pay period that tips are reported.



## Answers to Act 154 FAQs (Cont.)

**Overtime Pay** - Federal and state laws require that work in excess of 40 hours per week be paid at 1½ times the regular rate of pay. There are no overtime or premium pay requirements for Saturday, Sunday, or holidays. Certain occupations, such as teachers, doctors, lawyers, administrators, and supervisors may be exempt from overtime. There is no law prohibiting mandatory overtime or work on a Saturday, Sunday or holiday.

**Compensatory Time** - The Michigan Minimum Wage Law allows the accrual and use of compensatory time in lieu of payment of overtime wages under certain conditions. The compensatory time provisions are intended to allow employees to trade overtime wages for time off with pay.



## Answers to Act 390 FAQs

**Vacation Pay and Other Fringe Benefits** - Payment of fringe benefits such as vacation pay, holiday pay, sick time off with pay, bonuses, or reimbursement of business expenses is required by the Payment of Wages and Fringe Benefits Act only if a written contract, written policy, or employee handbook provides for payment.

**Wage Deductions** - Except for deductions required by law or permitted by statute (income taxes, social security, garnishments) or a collective bargaining agreement, a written voluntary consent is required for deductions made from an employee's wages.



## Answers to Act 390 FAQs (Cont.)

**Wage Rate Change** - A wage rate may be raised or lowered provided the employee is given notice of the change prior to the effective date of the change. An employee's approval is not required.

**Payment of Wages at Termination** - An employee that quits or is discharged must be paid wages earned on the regular payday for the pay period in which the termination occurs.



# United States Department of Labor

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## Wage & Hour Contact Information

**Website Address:** [www.michigan.gov/wagehour](http://www.michigan.gov/wagehour)

**Email:** [WHINFO@michigan.gov](mailto:WHINFO@michigan.gov)

**Lansing Office:** 6546 Mercantile Way, Suite 5  
Lansing, MI 48911

**Mailing Address:** PO Box 30476  
Lansing, MI 48909

**Phone:** 517.335.0400





## Webinar Contact Information

To obtain a copy of this presentation, please send your requests to:

Lisa Ross

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The **Wage & Hour** presentation will be posted on the training Website at: [www.michigan.gov/bwt](http://www.michigan.gov/bwt) in the next few days.